

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 12, 2006

Agenda ID #5274
Quasi-legislative

TO: PARTIES OF RECORD IN RULEMAKING 03-09-005

This is the draft decision of Administrative Law Judge (ALJ) Maribeth Bushey. It will not appear on the Commission's agenda for at least 30 days after the date it is mailed. The Commission may act then, or it may postpone action until later.

When the Commission acts on the draft decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the draft decision as provided in Article 19 of the Commission's "Rules of Practice and Procedure." These rules are accessible on the Commission's website at www.cpuc.ca.gov. Pursuant to Rule 77.3 opening comments shall not exceed 15 pages. Finally, comments must be served separately on the ALJ and the Assigned Commissioner, and for that purpose I suggest hand delivery, overnight mail, or other expeditious method of service.

/s/ ANGELA K. MINKIN
Angela K. Minkin, Chief
Administrative Law Judge

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Attachment

Decision **DRAFT DECISION OF ALJ BUSHEY** (Mailed 1/12/2006)**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the
Commission's Own Motion to Evaluate Existing
Practices and Policies for Processing General Rate
Cases and to Revise the General Rate Case Plan
for Class A Water Companies.

Rulemaking 03-09-005
(Filed September 4, 2003)

FINAL DECISION ON THE RATE CASE PLAN**Summary**

This decision adopts a process for seeking waivers of the water Rate Case Plan (RCP) requirements, modifies the filing requirements in one respect, and closes the proceeding.

Background

In Decision (D.) 04-06-018, we adopted a revised RCP that required Class A water utilities (i.e., those with more than 10,000 service connections) to submit general rate case (GRC) applications on a three-year cycle pursuant to § 455.2.¹ We adopted two major process changes to ensure that rate cases were completed on time, in order to adhere to the cycle. We also set over several issues for further consideration by the parties in Phase II.

In March 2005, the Water Division filed its workshop report on the Phase II issues. The report is summarized in Attachment A. In general, the workshop

¹ All citations are to the Public Utilities Code unless otherwise indicated.

report concluded that the parties had resolved some issues informally, e.g., summary of earnings tables, or had determined that the issue was best handled in each utility's GRC, e.g., use of "dummy" variables in sales forecasts. No further action was required by the Commission on any issue.

Besides the Phase II activity, on December 15, 2005, the Commission issued D.05-12-048, which addressed the application for rehearing of the Commission resolution granting Great Oaks Water Company authority to file its GRC by advice letter rather than application. That decision ordered that procedures be adopted for seeking waivers from RCP requirements, including using the advice letter process rather than GRC application. In today's decision, we adopt the advice letter process as the vehicle for requesting waivers.

We also repeal the RCP requirement that testimony supporting the proposed and final applications be filed, as well as served on all parties. Our general practice, outside the RCP, is that testimony is served but not filed. The RCP is inconsistent with this practice and should be changed.

Discussion

The RCP requirements do not and cannot anticipate all possible circumstances. Utilities should have a clearly stated means to seek waiver of requirements that are inappropriate or inefficient. The advice letter process is the most expeditious procedural means that will allow all other stakeholders an opportunity to comment on the proposed waiver of a RCP requirement, and is the procedure we selected in D.04-06-018 for seeking waivers of GRC filing requirements as provided in § 455.2(c). Therefore, any utility seeking waiver of any RCP requirement should file an advice letter, consistent with General Order 96-A, or its successor, and serve all parties to this docket in addition to any other required parties.

Our general practice is to include testimony in the record only after it has been offered as an exhibit during hearings. Testimony distributed prior to hearing is subject to modification, and the record could become unclear should two inconsistent versions be included in the record. Therefore, we will conform the RCP to our general practice and repeal the requirement for filing testimony with the proposed or final application. Such testimony, however, must be served on all parties.

Comments on Draft Decision

The draft decision of ALJ Maribeth Bushey in this matter was mailed to the parties in accordance with Section 311(g)(1) of the Public Utilities Code and Rule 77.7 of the Commission's Rules of Practice and Procedure. Comments were filed by _____.

Assignment of Proceeding

Geoffrey F. Brown is the Assigned Commissioner and Maribeth A. Bushey is the assigned ALJ in this proceeding.

Findings of Fact

1. The Commission staff held workshops on the issues set over to Phase II of this proceeding, and submitted a report which is summarized in Attachment A.
2. Testimony supporting the proposed or final application need not be filed, but only served. Testimony is filed when it is received into evidence.

Conclusion of Law

Utilities should request waivers of RCP requirements by advice letter.

FINAL ORDER

IT IS ORDERED that:

1. Class A Water Utilities that wish to obtain a waiver of any requirement of the Rate Case Plan shall do so by filing an advice letter as provided in General Order 96-A, or its successor. In addition to any other service requirements, such advice letters shall be served on all parties to this proceeding.
2. Testimony supporting proposed or final applications shall be served but not filed with the Commission.
3. Rulemaking 03-09-005 is closed.

This order is effective today.

Dated _____, at San Francisco, California.

ATTACHMENT A
Summary of March 2005 Workshop Report

Issue	Resolution
Standardizing summary of earnings tables	Water Division to work with individual utilities.
Second escalation year rate base, depreciation, and ad valorem taxes	D.04-06-018, footnote 6 provides the methodology
Excluding depreciation from lead/lag study	Ratemaking issue for each utility to justify approach in rate case
Dummy variables in sales forecasting	Ratemaking issue for each utility to justify approach in rate case
Sales/revenue adjustment mechanism	Should be dealt with in individual rate cases
Water quality standards	Separate OIR
Streamline cost of capital	No consensus
Calculating weighted average rate base for July filers	Use calendar year capital budgets
Procedures for adopting interim rates	Utilities oppose rules adopted in D.04-06-018

(END OF ATTACHMENT A)